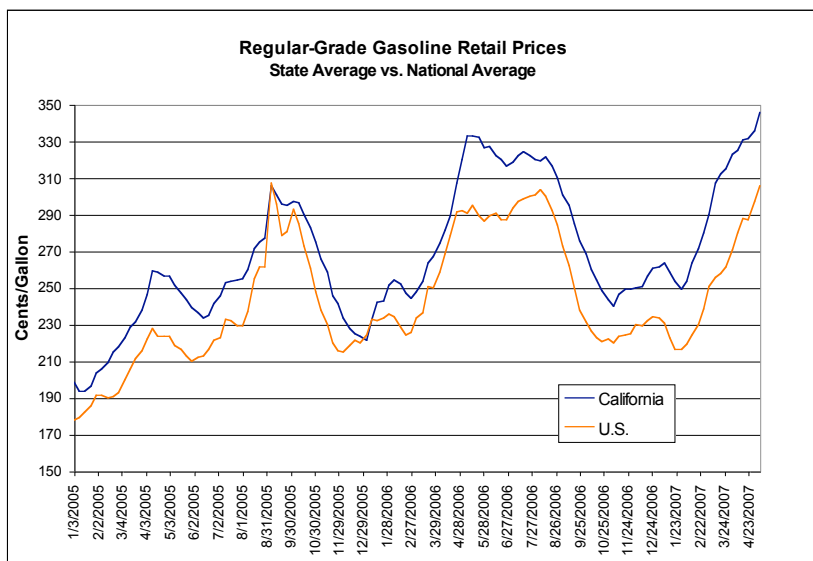
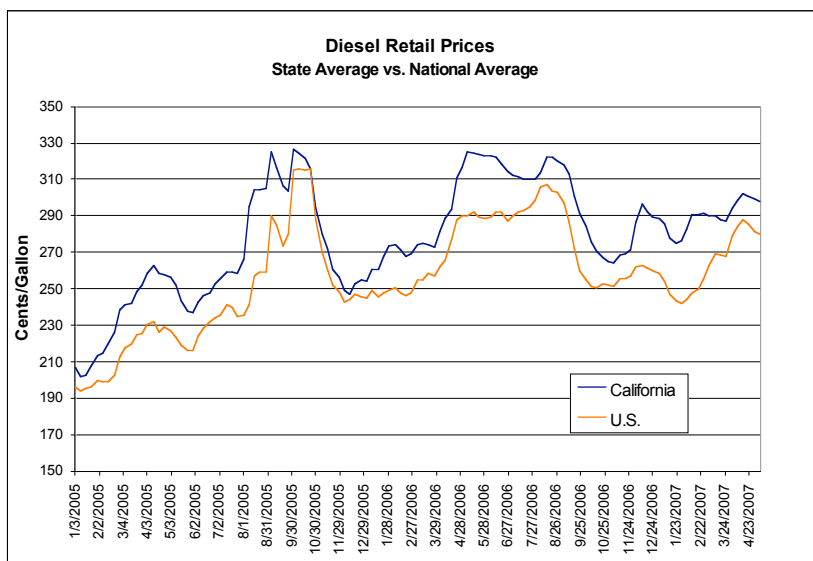


Retail Gasoline and Diesel Prices on May 7

- For the fourteenth consecutive week, the average California **retail price for regular-grade gasoline** increased, rising 10 cents from last week to a record high of \$3.46 per gallon. Since February 5 gasoline prices have increased 97 cents and are 13 cents per gallon higher than last year's high of \$3.33 per gallon on May 8, 2006.¹
- The difference between California and U.S. retail gasoline prices fell to 41 cents per gallon, 11 cents less than on April 2. U.S. gasoline prices jumped 34 cents since April 2 to \$3.05 per gallon, 15 cents more than reported at this time last year.



- After recently peaking at \$3.02 per gallon on April 16, the average California **retail diesel price** fell back to \$2.97 per gallon, only 3 cents more than on April 2. The U.S. retail diesel price also peaked on April 16 at \$2.88 per gallon but then declined to \$2.79 per gallon. The difference between California and U.S. prices increased 3 cents since April 2 to 18 cents per gallon.

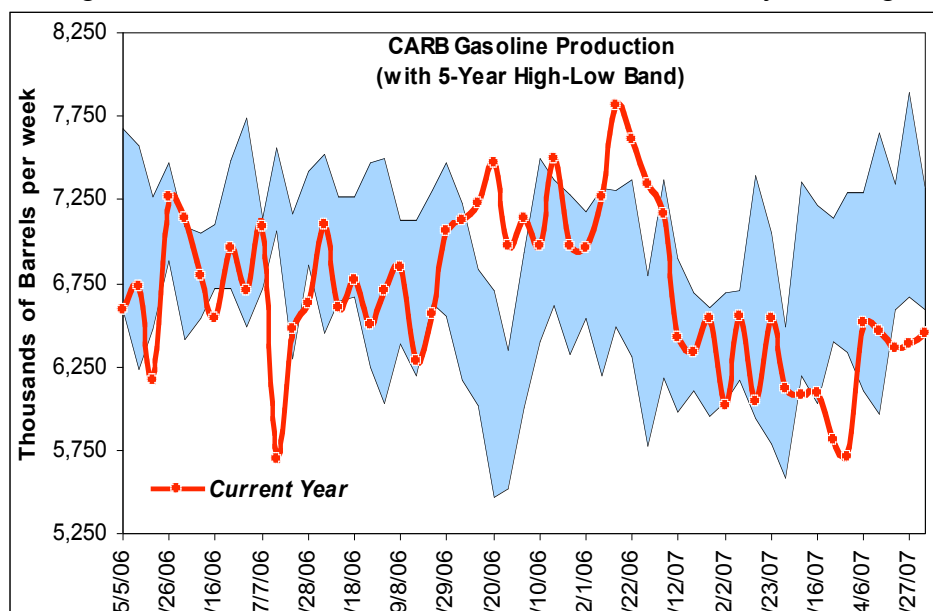


Wholesale Gasoline and Diesel Prices on May 8

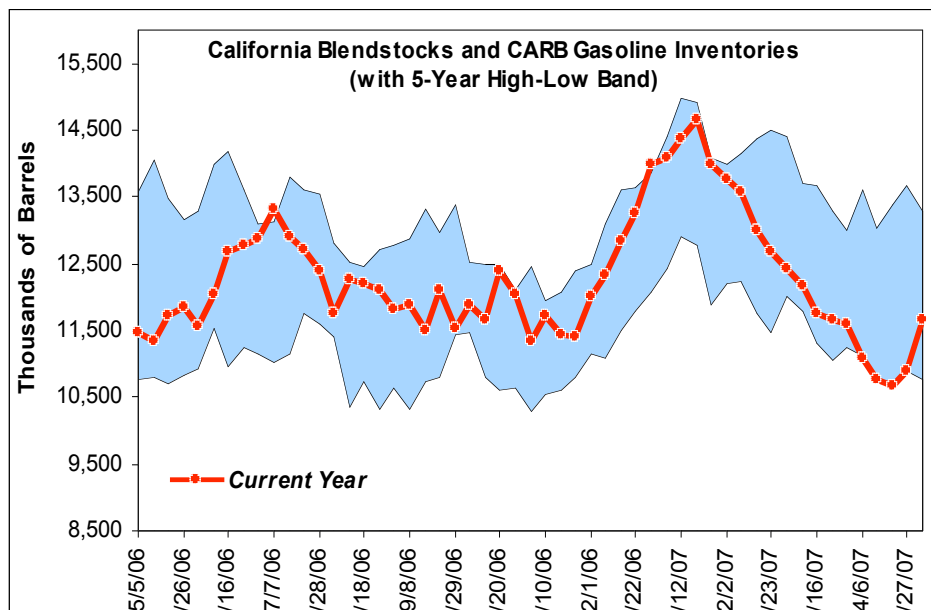
- Despite higher prices, demand for gasoline continues to be very strong this spring. Strong gasoline demand, combined with the slow return of facilities from substantial refinery maintenance schedules, numerous unplanned outages, and some delayed restarts following maintenance work, has pushed **wholesale gasoline prices** higher.
- California spot wholesale gasoline prices for regular-grade reformulated blendstock for oxygenate blending (RBOB) increased to \$2.58 per gallon, 12 cents per gallon more than our last report for April 3 and 4 cents per gallon less than on the same day last year.
- Spot prices for RBOB in Los Angeles are 31 cents higher than both New York Harbor and Gulf Coast, compared to 50 cents and 40 cents more, respectively, on April 3.
- California spot **wholesale ultra low-sulfur diesel prices** have decreased since our last report to \$2.07, 13 cents less than on April 3 and 29 cents less than the same day last year.
- California wholesale ultra low-sulfur diesel prices are 12 cents per gallon more than New York Harbor and 13 cents more than the Gulf Coast, down from 21 cents and 16 cents more, respectively, on April 3.
- California spot gasoline prices ended the reporting week at 51 cents more than California diesel, compared to 26 cents more on April 3.
- The Energy Information Administration's (EIA) weekly report for May 4 shows that **U.S. gasoline demand** increased 0.9 percent from the previous week, while distillate demand declined 3.6 percent from last week. The four-week average demand for gasoline is 9.25 million barrels per day, 1.3 percent more than the four-week average at the same time last year. The four-week average for U.S. distillate demand is 4.28 million barrels per day, 5.2 percent more than the same period last year.

Refinery Production and Inventories

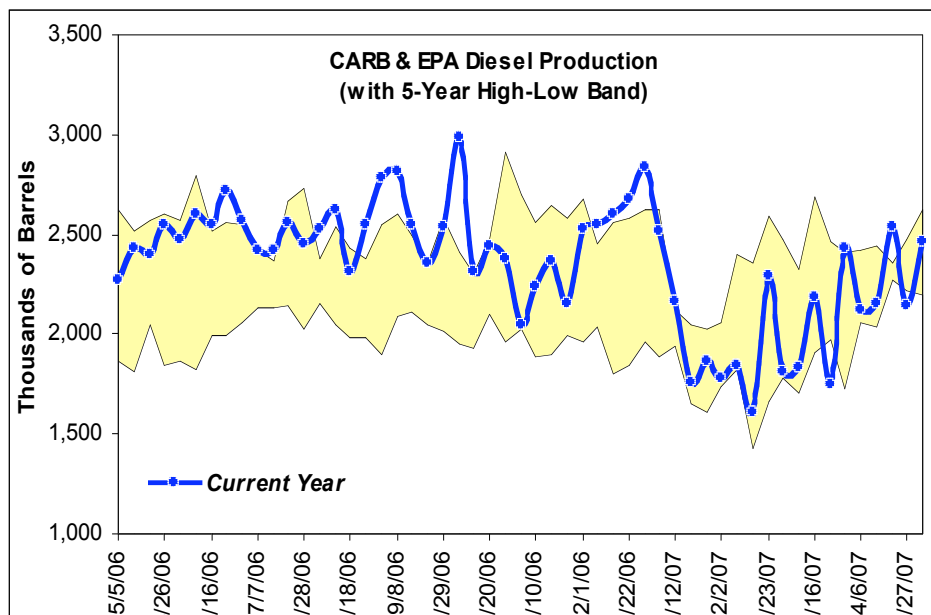
- **Reformulated gasoline production** in California for the week ending May 4 increased 0.9 percent from the previous week to 6.45 million barrels, 2.2 percent less than a year ago. Production levels remain well below the five-year range.²



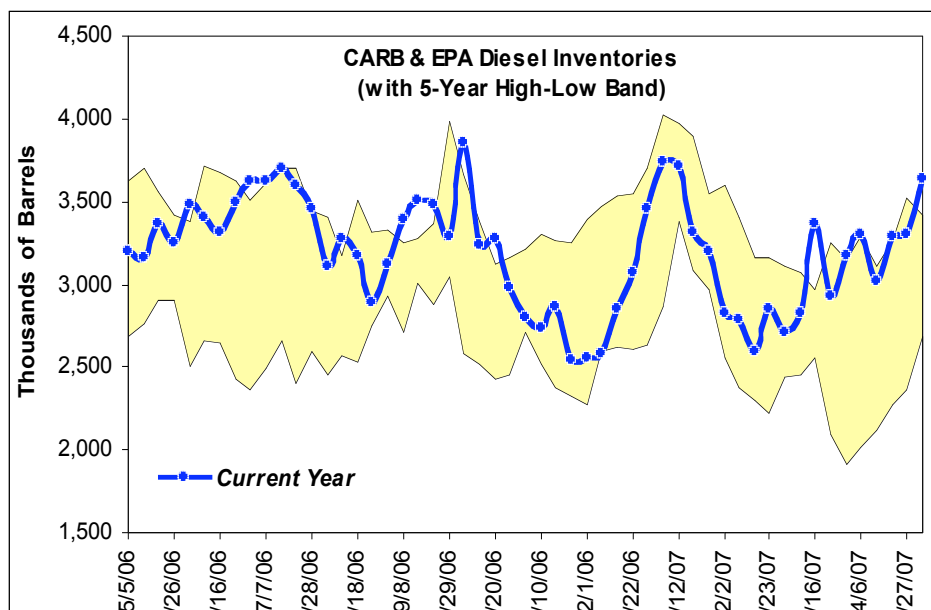
- California reformulated gasoline inventories increased by 11.4 percent last week, while gasoline blendstock inventories rose 4.1 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased by 7.1 percent** to 11.7 million barrels, nearer the middle of the five-year range.



- U.S. gasoline inventories as of May 4 were at 193.5 million barrels, just 169,000 barrels less than the previous week but 11.7 million barrels lower than March 30. Inventories decreased on the East Coast and Gulf Coast but increased sharply on the West Coast during the latest week.
- California **ultra low-sulfur diesel production** during the week ending May 4, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, jumped to 2.46 million barrels, 14.9 percent more than the previous week and 8.5 percent more than a year ago.

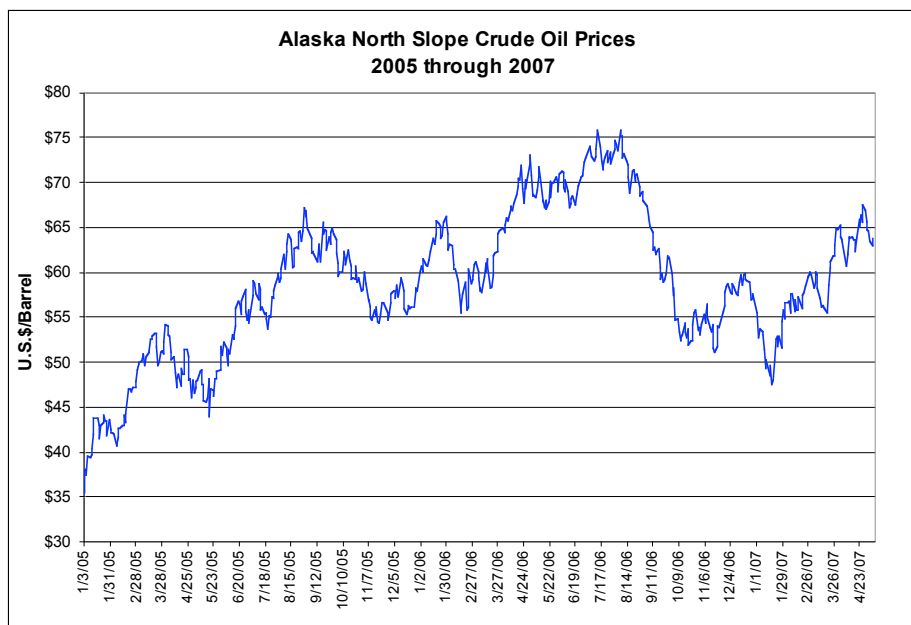


- Combined **ultra low-sulfur diesel inventories** in California increased 10.2 percent from the previous week to 3.63 million barrels, climbing above the five-year range. Total U.S. distillate inventories as of May 4 rose to 118.8 million barrels, 1.63 million barrels more than the previous week. Inventories increased on the Gulf Coast and East Coast but decreased on the West Coast from the previous week.



Crude Oil Prices and Inventories

- Since our last report, West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, rose almost \$4 per barrel in 3 weeks to a recent high of \$67.46 per barrel on April 27. Oil prices were supported by increasing violence in the Niger Delta region and the disputed Nigerian presidential election, a foiled terror plot in Saudi Arabia, a crisis declaration by Ecuador over oil sector strikes and production blockages, and the high stakes negotiations between Venezuela and international oil companies over Orinoco Basin heavy oil production assets. Several weeks of increases in crude oil stocks reported by the Department of Energy, a small recovery in Iraqi production and exports, and the return to full production of the Alaskan Prudhoe Bay field after a power outage contributed to a steady decline since April 27. ANS oil prices fell to \$62.90 per barrel on May 9.³



- U.S. commercial crude oil inventories as of May 4 grew by 5.5 million barrels from the previous week to 341.2 million barrels. Crude oil stocks are 5.8 million barrels less than last year but still 24.4 million barrels higher than the five-year average. California crude oil stocks fell 5.4 percent from the previous week to 13.8 million barrels and are now 13.9 percent lower than last year.

¹ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

² California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

³ ANS crude oil prices are from *The Wall Street Journal*.